

FINANCE COMMITTEE

Minutes of the VIRTUAL meeting held at 4pm on 2 December 2020

Present: S Clarke, (Chair) (part) N Savvas, CEO
D Wildridge, (Vice Chair) C Ridgeon
E D'Souza C Higgins

In Attendance: S Jones, Chief Financial Officer
J Raffel, Group Director Finance
C Bundy, One Sixth Form College Finance Manager
A Berry, West Suffolk College
R Stevenson, Group Operations Director (part)
S Gales, PA to the Chief Executive Officer
J Hannaford, Minute Taker
T Elkin, Clerk

Apologies: K Haisman, ASFC Chair of the LGB (Observer)
S Healey Pearce

Note: RStevenson joined the meeting at 4.30pm

1 Declaration of Interests

Governors confirmed that they had no conflicts of interest to declare in relation to the items of the agenda.

2 Apologies for absence

Apologies were accepted from KHaisman and SHEaleyPearce.

3 Minutes of the meeting held on 04 November 2020

The minutes of the meeting held on 04 November were agreed as a correct record.

4 Matters Arising from meeting on 04 November 2020

The matters arising from the meeting were summarised in the report and all actions reported had either been completed or, where appropriate an update had been provided on progress elsewhere on the agenda.

It was noted that at the last meeting: item 2, of the Terms of Reference, the powers of the committee were reviewed. Committee members discussed a change in wording to "powers to be advisory unless specified by the Board" Following a discussion, this was agreed.

5 Finance Report

It was noted that the forecast for the year is currently behind. SJones clarified that Abbeygate income has been added but is lower than the student numbers in the original budget although further savings to mitigate the shortfall will need to be found. Committee members questioned why this was not included in the full forecast? JRaffel explained that savings will be finalised and then reflected back into the forecast. The change will be presented at the next meeting of the committee.

SJones confirmed that as requested by the committee, the modified budget is no longer presented. Committee members confirmed that they were happy with this presentation.

Cashflow

SJones confirmed that the cashflow is in line with forecast, this is reflected in the cashflow graph which has no significant variations. SClarke questioned whether there was a balance sheet available to review? JRaffel confirmed that CBundy was not able to get

Action

S Jones

the balances transferred over to be included in the November report from the prior year-end but would be able to for the next report.

6 Key Performance Indicators

SClarke noted that the KPI's are shown in the report as either red or amber, do these relate to the shortfall in student numbers? Yes.

It was questioned why there is a fluctuation in staff pay versus total income. SJones confirmed that it includes some phased grant income, total income may vary but not staff costs. SJones agreed to include a note in the narrative if there are changes in the future. It was agreed that for metrics 2,3 and 5, they would reflect forecast as a % of full year budget rather than the current year to date approach.

S Jones

J Raffel

The committee was advised that Covid-19 is affecting the figures.

7 Audited Accounts for the year ended 31 August 2020

The executive summary has an unrestricted reserves target of just over £2million which is currently just over at £1.3million, SClarke enquired whether this was a cause for concern? It was advised that once the capital investment programme is completed and Abbeygate is 'on its own feet' then there needs to be a re-assessment of the Reserves Policy as we should not be building up sums in reserves. The target is a medium term target rather than a target for the year.

SJones was asked when the Trust Reserves Policy will be re-visited? Are we maintaining estates whilst building up reserves? Abbeygate will build its reserves and if there are other issues then these need to be built into reserves and can be reviewed at any time.

The committee discussed the best time to report on reserves. SJones proposed annually reporting in March, this was agreed. NSavvas added that for reserves, we need to report on specific 'restrictive reserves'. The committee enquired why the reserves target has been set at that level? SJones explained the rationale but advised that at some time the target of £2million needs to be reviewed to determine that it is correct. It was agreed to add 'Reserves policy' to the March meeting agenda.

S Jones

T Elkin

The committee **agreed** to recommend the accounts to the SAT Trust Board and noted the regularity point.

An issue raised by the Auditors was shared with the committee: staff are encouraged, for their own CPD to be examiners and Ofsted Inspectors. David Gartland, Principal of Abbeygate Sixth Form College was already an Ofsted inspector when he was appointed as a Principal, and has been permitted to retain money earned as an Ofsted inspector but only after it has been paid to the Trust in the first instance. The auditors have queried the level of detail in the approval of this arrangement. Auditors have raised the lack of sufficient detail as an issue and have requested that the SAT Trust Board explicitly approve these payments to DGartland.

Note: at 4.43pm SClarke left the meeting. DWildridge accepted the duty of the Chair for the remainder of the meeting

At the Trust Board meeting, December 2019, Trustees agreed that he could undertake these additional duties, but this was not sufficiently minuted. The Auditors are interpreting the minutes of the Board as follows: every time that DGartland or any other member of staff undertakes inspection duties, the whole Board must approve this before they are paid for it. This has been explained to the Auditors, but they have requested an alteration to the minutes for clarity to show that DGartland was approved by the Board to undertake Ofsted work and retain the associated remuneration provided the income was received by the Trust in the first instance.

The Auditors are claiming that this is a regularity breach.

The committee was informed that a request will be put to Trustees to revise the minutes and pass these on to the Auditors.

This proposal was **approved** by the committee. SJones clarified that the Auditors have helped to draft the revised wording.

(note: that by 4th December, all Trustees had approved the revised wording and the process)

8 Website Re-design Procurement

A request for a spend of £42,350 was made to cover the re-design of all three websites. This is an estimated cost from external parties who could undertake the activity. A maximum fund of £50k is required to develop the websites. It was noted that this was not in the original budget. SJones confirmed that there was no specific budget for website rebuild.

ABerry explained that currently there are three different systems operating in isolation. The Colleges are not meeting their aims of promoting each other or developing a relationship. Functionality is now hindered, and the current websites are preventing further development.

Committee members questioned how this will be a good spend for future years? There will be the same management system across all three sites, which can all develop together and adapt to new technology.

ABerry was asked if the forecast cost could over-run? ABerry confirmed that the websites are out of date and there is always a risk of costs over-running. SJones was asked if this is affordable if it has not been budgeted for? JRaffel advised that with the overall Trust performance, this is affordable. NSavvas added that it's essential that the development is undertaken but in three years' time it may be necessary to re-visit this again, but not in an unbudgeted way.

The committee **agreed** to the proposed spend amount, given that the final cost has not been confirmed and provider has not been appointed.

9 Any Other Business

RStevenson presented the paper for the Public Sector De-Carbonisation Scheme. There is a grant available to the public sector. It will fund a visit to the site by a consultant who will identify opportunities and present a plan, which will be submitted as part of the application process. No match funding is required by the Trust.

This would mean that the old gas boilers could be replaced by air sourced heat pumps.

In response to questions from the committee, RStevenson confirmed that a consultant has been identified, but funding is required before the Trust can commit to the work. The grant funding needs to be spent by 31 March 2021.

The committee **approved** the non-budget expenditure for Part A given that it is covered by the grant and **agreed** that the tender process could be varied, given the timing restrictions and the availability of consultants. Following a discussion, it was agreed to forward this request to the Chair of the Trust Board.

R
Stevenson

Date of next Meeting:

- Wednesday 10 March 2021 at 4pm

The meeting closed at 5.25pm